

**Dubai Financial Services Authority (DFSA)**

**Administrative Fine Statement**

**Arun Panchariya (Licensed Director) DFSA Number: I002975**

1. The DFSA has fined Arun Panchariya (Licensed Director) pursuant to Article 90 of the *Regulatory Law (DIFC Law No 1 of 2004)* (Regulatory Law) for committing the contraventions set out below:
  - 1.1. **Article 66** of the Regulatory Law, which states that a person shall not provide information which is false, misleading or deceptive to the DFSA, or conceal information where the concealment of such information is likely to mislead or deceive the DFSA; and
  - 1.2. **Rule 4.4.4** of the *DFSA Rulebook, General Module (GEN)* which states that an Authorised Individual must deal with the DFSA in an open and co-operative manner and must disclose appropriately any information of which the DFSA would reasonably be expected to be notified.

**Fine**

2. For the contraventions set out above, the DFSA imposed a fine on Arun Panchariya in the amount of USD12,000. The particulars of the facts giving rise to these contraventions are set out below.

**Findings**

3. The facts and matters in paragraphs 6 to 14 below lead the DFSA to find that Arun Panchariya contravened Article 66 of the Regulatory Law by submitting an inaccurate and/or incomplete AUT-IND1 Form to the DFSA on 19 February 2009. The Form was inaccurate and/or incomplete because it did not disclose:
  - 3.1 All of his director and controller positions, and
  - 3.2 The ongoing investigation by the Securities and Exchange Board of India (SEBI) into Alka India Limited (Alka).
4. The facts and matters in paragraphs 15 to 22 below lead the DFSA to find that Arun Panchariya contravened GEN 4.4.4 - Principle 4 for Authorised Individuals (Dealing with DFSA) for the period from 25 November 2009 to 11 January 2011. He did so by failing to disclose to the DFSA the material events in the SEBI investigation and disciplinary actions; namely, the imposition of financial penalties, 2 appeals against SEBI's orders and the results of the appeals.



## Background

5. On 25 November 2009, the DFSA authorised Arun Panchariya as a Licensed Director of an Authorised Firm (the Firm) in the Dubai International Financial Centre (DIFC).

## Facts and Matters

### Undisclosed Director/Controller Positions

6. On 19 February 2009, Arun Panchariya submitted an AUT-IND1 Form (the Form) to the DFSA as part of his application to be an Authorised Individual of the Firm.
7. In section 7 of the Form, Arun Panchariya was required to provide a summary of any controller, director and partner positions which he either held or had held in the past 10 years.
8. Arun Panchariya disclosed that he held positions with the following companies:
  - 8.1. Pan Asia Advisors Ltd;
  - 8.2. Vintage FZE; and
  - 8.3. Kuber Co-operative Bank
9. Arun Panchariya failed to disclose in the Form that he either held or had held director and/or controller positions in the following companies within the time period prescribed in section 7 of the Form:
  - 9.1. Alka. He was a director of Alka from 8 January 1994 to 11 January 2001;
  - 9.2. Panchariya Textiles Industries Limited. He resigned from his directorship on 11 January 2000;
  - 9.3. Alkarni Holding Limited. He became a director in July 2008, and remains a director;
  - 9.4. Pan Asia Advisors Private Limited (India). He was a director from 31 August 2007 to 20 October 2010;
  - 9.5. Vintage FZE Investments Holdings Pvt. Ltd (India). He was a director from 16 January 2008 to 20 August 2010;
  - 9.6. India Focus Cardinal Fund (Mauritius). He was a director from 22 August 2008 to 28 October 2010;
  - 9.7. Panchariya Gin Pvt. Ltd. He resigned from his directorship on 9 June 2003;
  - 9.8. Education Research Foundation Ltd. He was a director until 2002. The company has been liquidated; and



9.9. Cardinal Capital Partners Ltd (Mauritius). He became a director on 22 August 2008 and remains a director.

10. Further, the companies mentioned in paragraphs 9.1 and 9.2 above were companies that were the subject of a disciplinary action by SEBI in 1999.

Investigation by SEBI in relation to Alka

11. SEBI conducted an investigation into the trading of Alka's shares on the Bombay Stock Exchange for the period between 14 August 2003 and 26 March 2004. SEBI investigated allegations that certain corporate announcements by Alka were misleading, and had been made with the intent of attracting investors so as to create liquidity in the shares of Alka and to allow Alka's directors to sell their shares in the market.
12. On 29 July 2008, Arun Panchariya gave a power of attorney to his brother, Satish Panchariya, enabling Satish Panchariya to deal with SEBI's investigation on his behalf.
13. The investigation by SEBI into Alka commenced prior to Arun Panchariya's submission of the Form to the DFSA on 19 February 2009.
14. Section 9 of the Form requires disclosure where an individual has been concerned with the management of a body corporate which has been or is the subject of an investigation into an allegation of misconduct or malpractice (9.1(vi)). Arun Panchariya failed to disclose SEBI's investigation into Alka under section 9 of the Form.
15. The investigation by SEBI into Alka was completed in November 2009. SEBI:
  - 15.1 Prohibited Alka from accessing the securities market for a period of 6 months;
  - 15.2 Fined Arun Panchariya Rs400,000 (approximately USD9,000) for improper conduct; and
  - 15.3 Fined Arun Panchariya a further Rs100,000 (approximately USD2,200) for failing to respond to SEBI notices.
16. By a Memorandum of Appeal signed by Arun Panchariya on 9 December 2009 and subsequently amended on 4 January 2010, Arun Panchariya appealed against SEBI's orders to the SEBI Securities Appellate Tribunal.
17. On or about 6 May 2010, the SEBI Securities Appellate Tribunal rescinded the fine of Rs100,000 referred to in 15.3 and upheld the fine of Rs400,000 referred to in 15.2 above.
18. On or about 18 September 2010, Arun Panchariya appealed to the Supreme Court of India.





19. On or about 12 November 2010, the Supreme Court of India upheld the decision of the SEBI Securities Appellate Tribunal.
20. On 3 January 2011, Arun Panchariya made a self-declaration to the board of directors of the Firm and its parent company, that:
  - 20.1 SEBI had imposed a financial penalty of Rs400,000 upon him;
  - 20.2 He appealed against the financial penalty to the SEBI Securities Appellate Tribunal and the Supreme Court of India, and that his appeals had been dismissed; and
  - 20.3 He paid the financial penalty on 31 December 2010.
21. On 11 January 2011, Arun Panchariya notified the DFSA of the matters referred to in 20 above.
22. For the period between the date of his Authorisation as a Licensed Director of the Firm (i.e. 25 November 2009) to 11 January 2011, Arun Panchariya did not notify the DFSA about SEBI's investigation into Alka.

